

## Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 /097 W

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R 221415Z AUG 75

FM AMEMBASSY NIAMEY

TO SECSTATE WASHDC 1540

INFO AMEMBASSY ABIDJAN

AMEMBASSY BAMAKO

AMEMBASSY DAKAR

AMEMBASSY LAGOS

AMEMBASSY NDJAMENA

AMEMBASSY PARIS

C O N F I D E N T I A L NIAMEY 3333

E.O. 11652: GDS

TAGS: ENRG, NG

SUBJ: TEXACO CEASING OIL EXPLORATION IN NIGER

1. TEXACO HAS INDICATED TO GON THAT OPERATIONS HAVE BEEN UNSUCCESSFUL TO DATE AND THAT, HAVING FULFILLED EXPLORATION REQUIREMENTS IN CONCESSION AGREEMENT, IT PLANS TO CEASE ALL DRILLING OPERATIONS BY NEXT MONTH.

2. GROUP OF TEXACO REPRESENTATIVES HEADED BY DAKAR OFFICE HEAD HABERMAN ARRIVED IN NIAMEY THIS WEEK AT REQUEST OF PRESIDENT KOUNTCHE. COMPANY REPS, WHO ASSUMED THAT PRESIDENT WANTED STATUS REPORT ON OPERATIONS TO DATE, DECIDED TO USE OCCASION TO INFORM PRESIDENT THAT COMPANY CANNOT JUSTIFY CONTINUED DRILLING ON BASIS OF RESULTS ACHIEVED SO FAR. TEXACO, THEREFORE, CEASING ALL FIELD OPERATIONS AND LEAVING ONLY A SMALL OFFICE IN NIAMEY. AT SAME TIME, HOWEVER, COMPANY WILL UNDERTAKE THOROUGH REVIEW  
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OF DATA OBTAINED BEFORE IT REACHES DECISION ON

WHETHER TO CONTINUE OR TERMINATE ITS CONCESSION AGREEMENT, WHICH REMAINS VALID FOR FOUR MORE YEARS.

3. MEETING WITH PRESIDENT KOUNTCHE, WHICH TOOK PLACE AUGUST 21, HAD UNEXPECTED FORMAT HOWEVER AS TEXACO REPS FOUND THEMSELVES CONVOKED ALONG WITH CONOCO TO HEAR ELOQUENT STATEMENT BY PRESIDENT OF IMPORTANCE HE ATTACHES TO PETROLEUM SECTOR AND HIS HOPES THAT PRIVATE COMPANIES WILL RESPOND FAVORABLY TO LIBERAL INVESTMENT AND ECONOMIC REGIME WHICH HE AND GON INTEND TO PURSUE. PRESIDENT INFORMED COMPANY REPS FORMER VICE PRESIDENT AND MINISTER OF MINES SANI SIDO HAD STRONGLY ADVOCATED A NEW LAW NATIONALIZING ALL PETROLEUM AND OTHER CONCESSIONS AND SETTING UP OF A NATIONAL RESOURCES COMPANY FOR NIGER. ASSUMING THAT COMPANY REPS WERE ALREADY AWARE OF THIS PROJECT, KOUNTCHE STRESSED HIS OPPOSITION TO IT AND SOUGHT TO REASSURE COMPANIES THAT SANI'S PROPOSAL HAD VANISHED ALONG WITH HIM.

4. TEXACO REPS THEN PROCEEDED TO MAKE POINTS NOTED ABOVE CONCERNING TERMINATION OF THEIR OPERATION, WHICH THEY SAY EVOKED LITTLE REACTION AND WHICH KOUNTCHE SEEMED TO BE EXPECTING. FHI TEXACO HAS SUNK FOUR WELLS IN LAST NINE MONTHS IN EASTERN NIGER. FIRST TWO NEAR SEGUEDINE AND FACHI WERE DRY. OF SECOND TWO, ONE WAS DRILLED NEAR SEGUEDINE AND OTHER NEAR AGADEM. ACCORDING TO TEXACO REPS, SEGUEDINE WELL STRUCK OIL BUT OF POOR QUALITY (LOW GRAVITY) AND "ONLY ABOUT HUNDRED BARRELS PER DAY" WHICH NOT COMMERCIALY VIABLE. AGADEM WELL PRODUCED TRACES OF OIL WHICH PROMPTED GON TO ANNOUNCE DISCOVERY (NIA MEY 2056) BUT THIS ALSO REPUTEDLY NOT IN COMMERCIAL QUANTITIES. END FYI.

5. WHILE TEXACO'S PULL-OUT HAS BEEN IN CARDS FOR SOME TIME, UNFORTUNATE THAT BAD NEWS HAD TO BE BROKEN TO PRESIDENT JUST AS LATTER WAS GOING OUT OF HIS WAY TO MAKE GESTURE OF REASSURANCE AND ENCOURAGEMENT TO PRIVATE SECTOR ACTIVITIES. KOUNTCHE HAS BEEN CAREFUL TO AVOID STAKING TOO MUCH ON POSSIBILITY OF FINDING OIL, BUT TEXACO'S DECISION TO PULL OUT IS CONFIDENTIAL

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BOUND TO BE A PERSONAL DISAPPOINTMENT. TEXACO TELLS US THAT BY END OF SEPTEMBER, IT WILL HAVE TERMINATED ALL FIELD OPERATIONS IN NIGER, LEAVING CONOCO ONLY AMERICAN COMPANY STILL LOOKING ACTIVELY FOR OIL, WITH INDEPENDENT BISHOP OIL CO. IN WINGS. CONOCO REPS APPARENTLY NOT ENTHUSIASTIC ABOUT CONTINUING BUT ARE UNDER OBLIGATION TO DRILL ONE HOLE UNDER TERMS OF THE CONCESSION AGREEMENT WITH GON. TEXACO ON OTHER HAND SAYS IT HAS

FULLY COMPLIED WITH DRILLING REQUIREMENTS AND EXCEED  
BY 10-FOLD CAPITAL EXPENDITURE REQUIREMENTS ATTACHED  
TO ITS CONCESSION AGREEMENTS WITH GON.HECK

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPLORATORY DRILLING, PETROLEUM CONCESSIONS, OIL FIELDS, BUSINESS LOSSES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**Previous Handling Restrictions:** n/a  
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**TAGS:** ENRG, NG, US, TEXACO, CONOCO, (KOUNTCHE, SEYNI)  
**To:** STATE  
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